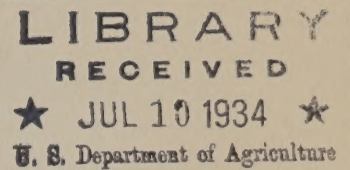


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UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION



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PROPOSED  
MARKETING AGREEMENT  
FOR MILK  
SPRINGFIELD, MASSACHUSETTS, SALES AREA  
WITH EXHIBITS

Exhibit A  
Marketing Plan

Exhibit B  
Rules for Establishment of Bases

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This Marketing Agreement in its present form is proposed as the basis of a public hearing for the above-mentioned Springfield, Massachusetts, Sales Area, and none of the provisions contained herein are to be regarded as having received the approval of the Agricultural Adjustment Administration as applying to this Market.

(THIS IS NOT FOR SIGNATURE)

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I hereby certify that this is a true and correct copy of the Proposed Marketing Agreement for Milk, Springfield, Massachusetts, Sales Area, on file in the Office of the Chief Hearing Clerk, United States Department of Agriculture, Agricultural Adjustment Administration.

(Signed) James K. Knudson  
Acting Chief Hearing Clerk.

Dated: June 28, 1934

Washington, D. C.



PROPOSED MARKETING AGREEMENT FOR MILK

SPRINGFIELD, MASSACHUSETTS, SALES AREA

The parties to this Agreement are the contracting distributors, the contracting producers, and the Secretary of Agriculture of the United States.

Whereas, it is the declared policy of Congress as set forth in Section 2 of the Agricultural Adjustment Act, approved May 12, 1933, as amended; -

- (1) To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period, the base period in the case of all agricultural commodities except tobacco being the pre-war period, August, 1909 - July, 1914; and
- (2) To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets; and
- (3) To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmer in the pre-war period, August, 1909 - July, 1914.

Whereas, pursuant to the Agricultural Adjustment Act, the parties hereto, for the purpose of correcting conditions now obtaining in the production of milk and the distribution thereof in the Springfield, Massachusetts, Sales Area, and to effectuate the declared policy of the Act, desire to enter into a Marketing Agreement under the provisions of Section 8 (2) of the Act;

Now, therefore, the parties hereto agree as follows:



I.

As used in this Agreement, the following words and phrases shall be defined as follows:

A. "Producer" means any person, irrespective of whether any such person is also a distributor, who produces milk in conformity to the applicable health requirements of the Springfield Sales Area for milk to be sold for consumption as whole milk in the Springfield Sales Area. "Contracting producer" means any producer or association of producers who may become a party signatory to this Agreement, according to the terms hereof.

B. "Distributor" means any of the following persons, irrespective of whether any such person is a producer or an association of producers, wherever located or operating, whether within or without the Springfield Sales Area, engaged in the business of distributing, marketing, or in any manner handling, in whole or in part, whole milk or cream for ultimate consumption in the Springfield Sales Area:

1. Persons

- (a) who pasteurize, bottle or process milk or cream;
- (b) who distribute milk or cream at wholesale or retail (1) to hotels, restaurants, stores or other establishments for consumption on the premises, (2) to stores or other establishments for resale, or (3) to consumers;
- (c) who operate stores or other establishments selling milk or cream at retail for consumption off the premises.

2. Persons who purchase, market or handle milk or cream for resale in the Springfield Sales Area.

"Non-contracting distributor" means any person who performs any of the functions hereinabove described and has not become a party signatory to this Agreement, according to the terms hereof.

C. "Springfield Sales Area" means the territory within the corporate limits of the Cities of Springfield and Holyoke, and the territory within the following towns: Chicopee, Ludlow, East Long Meadow, Long Meadow, Agawam, West Springfield, and Westfield, in the County of Hampden and the town of South Hadley in the County of Hampshire.



D. "Secretary" means the Secretary of Agriculture of the United States.

E. "Act" means the Agricultural Adjustment Act approved May 12, 1933, as amended.

F. "Person" means individual, partnership, corporation, association or any other business unit.

G. "Subsidiary" means any person of, or over whom or which, a distributor or an affiliate of a distributor has, or several distributors collectively have, either directly or indirectly, actual or legal control, whether by stock ownership or in any other manner.

H. "Affiliate" means any person and/or any subsidiary thereof, who or which has, either directly or indirectly, actual or legal control of or over a distributor, whether by stock ownership or in any other manner.

I. "Books and records" means books, records, accounts, contracts, memoranda, documents, papers, correspondence or other data pertaining to the business of the person in question.

J. "Market Administrator" means the person designated pursuant to Exhibit A, which is attached hereto and made a part hereof.

## II.

1. The schedule governing the prices at which, and the terms and conditions under which, distributors shall purchase and/or accept delivery of milk from producers, shall be that set forth in Exhibit A.

2. Except as provided in Exhibit A, no distributor shall purchase milk from producers except (a) those producers having bases, which are to be reported as provided in Exhibit B, which is attached hereto and made a part hereof, and (b) new producers pursuant to the provisions of Exhibit A.

3. No distributor shall purchase milk from any producer unless such producer authorizes such distributor, with respect to payments for milk purchased from such producer, to comply with the provisions of Exhibit A.

4. (a) The distributors shall severally, from time to time, upon the request of the Secretary, furnish him with such information as he may request, on and in accordance with forms of reports to be supplied by him,



for the purposes of (1) assisting the Secretary in the furtherance of his powers and duties with respect to this Agreement and/or (2) enabling the Secretary to ascertain and determine the extent to which the declared policy of the Act and the purpose of this Agreement are being effectuated, such reports to be verified under oath. The Secretary's determination as to the necessity of and the justification for the making of any such reports, and the information called for thereby, shall be final and conclusive.

(b) For the same purposes and/or to enable the Secretary to verify the information furnished him on said forms of reports, all the books and records to each distributor and the books and records of the affiliates and subsidiaries of each distributor, shall, during the usual hours of business, be subject to the examination of the Secretary. The Secretary's determination as to the necessity of and the justification for any such examination shall be final and conclusive.

(c) The distributors and their respective affiliates and subsidiaries shall severally keep books and records which will clearly reflect all the financial transactions of their respective businesses and the financial condition thereof.

(d) All information furnished the Secretary, pursuant to this paragraph, shall remain confidential in accordance with the applicable General Regulations, Agricultural Adjustment Administration.

5. No distributor shall purchase milk or cream from, or process or distribute milk or cream for, or sell milk or cream to, any other distributor, who he has notice is violating any provision of this Agreement, without first reporting such violation to the Market Administrator.

6. The Secretary may by designation in writing, name any person, including any officer or employee of the Government, or name any Bureau or Division in the Department of Agriculture to act as his agent or agency in connection with any of the provisions of this Agreement.

7. Each distributor who is obligated to report pursuant to paragraph 4 of Exhibit A shall within thirty days after the effective date of this Agreement, furnish to the Market Administrator a bond with good and sufficient surety thereon, satisfactory to the Market Administrator (in an amount not in excess of the purchase value of the milk purchased by such distributor during any two successive delivery periods as designated by the Market Administrator) for the purpose of securing the fulfillment of such distributor's obligations, as provided in Exhibit A. Any distributor who commences to do business after the effective date of this Agreement shall, as a condition precedent to engaging in such business, furnish to the Market Administrator a bond in conformity with the foregoing provision.



The Market Administrator may, (a) if satisfied from the investigation of the financial conditions of a distributor that such distributor is solvent and/or possessed of sufficient assets to fulfill his said obligations, or (b), if, pursuant to a State Statute, a distributor has furnished a bond with good and sufficient surety thereon in conformity with the foregoing provision, waive the requirements of the bond as to such distributor. Such distributor may, upon a change in such circumstances, be required by the Market Administrator to comply with the foregoing requirements.

Each distributor who is unable to meet the requirements of the foregoing provisions, shall make periodic deposits with the Market Administrator at such times, in such amounts, and in such manner as the Market Administrator may determine to be necessary in order to secure the fulfillment of such distributor's obligation as provided in Exhibit A.

8. If any provision in this Agreement is declared invalid, or the applicability thereof to any person, circumstance, or thing is held invalid, the validity of such provision and of the remainder of this Agreement and/or the applicability thereof to any other person, circumstance or thing shall not be affected thereby.

9. Nothing herein contained shall be construed in derogation of the right of the Secretary to exercise any powers granted him by the Act, and in accordance with such powers, to act in the premises whenever he shall deem it advisable.

10. The distributors hereby apply for and consent to licensing by the Secretary, subject to the applicable General Regulations of the Agricultural Adjustment Administration.

11. This Agreement confers no exemption from the antitrust laws of the United States and does not make lawful any acts otherwise unlawful, except as provided in the Act to the extent necessary to accomplish the purposes of this Agreement.

12. This Agreement may be executed in multiple counterparts, and when one counterpart is signed by the Secretary, all such counterparts shall constitute when taken together, one and the same instrument, as if all such signatures were contained in one original.

13. After this Agreement first takes effect, any producer, any association of producers or any non-contracting distributor may become a party to this Agreement, if a counterpart thereof is executed by him and by the Secretary. This Agreement shall take effect as to such new contracting party at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges, and immunities conferred by this Agreement shall then be effective as to such new contracting party.



14. This Agreement shall become effective at such time as the Secretary may declare above his signature attached hereto, and shall continue in force until terminated in one of the following ways:

(a) The Secretary may, at any time, terminate this Agreement as to all parties hereto, by giving at least one day's notice by means of a press release or any other manner which the Secretary may determine.

(b) The Secretary may, at any time, terminate this Agreement as to any party signatory hereto, by giving at least one day's notice by depositing the same in the mail, addressed to such party at his last known address.

(c) The Secretary shall terminate this Agreement upon the request of sixty-seven percent (67%) of the contracting producers, measured by total volume of milk produced and marketed by contracting producers for distribution as fluid milk, during the calendar month next preceding the date of any such request, or sixty-seven percent (67%) of the distributors, measured by total volume of milk distributed by the distributors as fluid milk during such calendar month, by giving notice in the same manner as provided in section (a) of this paragraph.

(d) This Agreement shall, in any event, terminate whenever the provisions of the Act authorizing it cease to be in effect.

15. Any term of this Agreement, with the exception of paragraph 14 hereof, may be amended upon the consent of (a) sixty-seven percent (67%) of the contracting producers, measured by total volume of milk produced and marketed by the contracting producers for distribution as fluid milk during the calendar month next preceding the date of any such amendment, and (b) sixty-seven percent (67%) of the distributors, measured by total volume of milk distributed by contracting distributors as fluid milk during such calendar month; Provided, however, That any such amendment shall become effective only upon the written approval of the Secretary.

In witness whereof, the contracting producers and contracting distributors, acting under the provisions of the Agricultural Adjustment Act, for the purposes and subject to the limitations therein contained, and not otherwise, have hereunto set their respective hands and seals.



Whereas, it is provided by Section 8 of the Act as follows:

"In order to effectuate the declared policy, the Secretary of Agriculture shall have power - - - (2) After due notice and opportunity for hearing, to enter into marketing agreements with processors, producers, associations of producers, and others engaged in the handling of any agricultural commodity or product thereof, in the current of or in competition with, or so as to burden, obstruct, or in any way affect interstate or foreign commerce. The making of any such agreement shall not be held to be in violation of any of the antitrust laws of the United States, and any such agreement shall be deemed to be lawful: Provided, That no such agreement shall remain in force after the termination of this Act."

And -

Whereas, due notice and opportunity for hearing to interested parties has been given pursuant to the provisions of the Act, and the regulations issued thereunder; and

Whereas, the Secretary finds (1) that the contracting producers are engaged in the marketing of milk, and that the contracting distributors are engaged in the distribution of fluid milk in the current of interstate commerce; and (2) that the marketing of milk and the distribution of fluid milk in intrastate commerce is inextricably intermingled with the marketing of milk and the distribution of fluid milk in interstate commerce; and

Whereas, it appears, after due consideration, that this Agreement will tend to effectuate the policy of Congress declared in Section 2 of the Act, as hereinbefore in this Agreement set forth.

Now, therefore, I, \_\_\_\_\_, Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act, for the purpose and within the limitations therein contained, and not otherwise, do hereby execute this Agreement under my hand and official seal of the Department of Agriculture, in the city of Washington, District of Columbia, on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, and pursuant to the provisions hereof, declare this Agreement to be effective on and after \_\_\_\_\_ m., eastern standard time, \_\_\_\_\_, \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Secretary of Agriculture



EXHIBIT A

Marketing Plan

SECTION A. Cost of Milk to Distributors.

1. Each distributor, except as hereinafter provided, shall be obligated to pay, in the manner hereinafter provided, the following prices for milk, of 3.7 percent butterfat content, which he has purchased from producers (including new producers as defined in Section G of this Exhibit), delivered f.o.b. distributor's plant in the Springfield Sales Area:

(Prices for the various classes of milk will be determined only after full consideration has been given to the information presented at public hearing on this Marketing Agreement.)

Class I - per hundredweight.

Class II - For each hundred pounds of milk three and seven-tenths times the average price per pound of 92 score butter at wholesale in the Boston market as reported by the United States Department of Agriculture for the delivery period during which such milk is purchased, plus percent thereof.

The term "delivery period" shall mean the period from the 1st to, and including, the 15th day of each month, or the period from the 16th day to, and including, the last day of each month.

2. Class I milk means all milk sold or distributed by distributors as whole milk or flavored whole milk for ultimate consumption in the Springfield Sales Area.

Class II milk means the quantity of milk purchased, sold, used or distributed by distributors in excess of sales of Class I milk.

Milk delivered to a distributor by producers during any delivery period and sold or distributed as milk outside the Springfield Sales Area or sold by such distributor to another distributor (including any person, defined as such, in the Agreement who sells, uses or distributes such milk for ultimate consumption in any market with respect to which no Agreement or License is in effect pursuant to Section 8 (2) (3) of the Act covering such purchase from producers and such sale as milk) shall be accounted for by the first distributor as Class I, unless such first distributor, on or before the date fixed for filing reports with the Market Administrator for such delivery period, shall



furnish to the Market Administrator proof satisfactory to the Market Administrator that such milk has been utilized for a purpose other than sale, use, or distribution for ultimate consumption as whole milk or flavored whole milk, in which event such milk shall be classified as Class II milk.

Any distributor who does not sell or distribute whole milk for ultimate consumption in the Springfield Sales Area may purchase milk from producers who do not have established bases. Such distributor

- (a) ~~shall not sell cream to other distributors for~~ distribution and ultimate consumption in the Springfield Sales Area at a price less than the price at which such distributor sells similar cream for distribution and ultimate consumption nearest the location where milk is processed into such cream by such distributor, plus the reasonable cost of transporting such cream to the Springfield Sales Area;
- (b) shall not be subject to any of the terms or provisions of this Exhibit except as set forth in Subdivision (a) above, with respect to milk purchased from producers who do not have established bases, but
- (c) may at any time, with respect to such milk, be required by the Market Administrator to submit reports, containing such information as the Market Administrator may require, similar to the kind of information reported by other distributors pursuant to paragraph 4 hereof, which information shall be kept confidential in the manner provided in such paragraph.

3. The established base for each producer or association of producers shall be the quantity of milk allotted to such producer or association of producers in accordance with the provisions of Exhibit B.

The delivered base for each producer shall be that quantity of milk delivered by such producer to distributors which is not in excess of the established base of such producer.

The delivered base for any association which shall have been approved by the Market Administrator as a bona fide cooperative association of producers, shall be the total of the delivered bases of the individual producers who are members of any such association.



The delivered base for each distributor required to report pursuant to paragraph 4 (b) shall be the quantity of milk produced by such distributor and sold, used or distributed by him as Class I and Class II milk which is not in excess of the established base of such distributor. For the purpose of such computations and adjustments the amount of exemptions to which any distributor is entitled pursuant to the terms of paragraph 4(b) shall be ratably deducted from (a) such distributor's total sales and uses not in excess of his established base, and (b) such distributor's total sales or uses in excess of his established base, in proportion to their respective amounts.

4. (a) On or before the 5th day of each delivery period each distributor, to whom milk was delivered during the preceding delivery period by (1) producers (who are not also distributors) and/or (2) distributors (other than those who operate only stores or other similar establishments), shall report to the Market Administrator with respect to milk delivered during such delivery period in a manner prescribed by the Market Administrator:

- (1) The actual deliveries (at each location) of the producers (and new producers) supplying such distributor, the total quantity of milk represented by the delivered bases of all such producers, and the total quantity of milk represented by the excesses over delivered bases of all such producers;
- (2) The actual deliveries, if any, made to him by other distributors;
- (3) The quantities of milk delivered which were sold, used or distributed by him as Class I and Class II milk, respectively; and
- (4) Such other information as the Market Administrator may request for the purpose of performing the provisions of this Exhibit.

(b) On or before the 5th day of each delivery period, each distributor who produces milk distributed by him as whole milk shall submit reports to the Market Administrator containing the same information with respect to the preceding delivery period required in subdivision (a) of this paragraph, and in addition thereto the total amount of milk produced by such distributor and sold during such delivery period as Class I and Class II milk.

Each such distributor shall be obligated to account to the Market Administrator for all of his sales of Class I and Class II milk, at the prices indicated in paragraph 1 of this Section, except that a distributor who neither



- (1) sells any part of the milk produced by him to other distributors (other than those who operate only stores or similar establishments) or to manufacturing plants, nor
- (2) purchases milk from other producers or distributors for distribution as whole milk,

shall as to each delivery period receive an exemption for that daily average volume of his sales and uses up to and including pounds of milk (such amount to be adjusted from time to time by the Market Administrator so as to approximate the average amount of Class I milk handled per retail route by all distributors), which exemption shall be ratably deducted from such distributors' Class I and Class II sales or uses in proportion to the respective total amounts of such sales or uses in such classes. No exemption made pursuant to this subdivision shall be included by the Market Administrator in his computations made pursuant to paragraph 5 hereof.

Nothing contained in this subdivision shall be construed to mean that the aforesaid exemption shall apply to any distributor other than an individual who produces milk distributed by himself as whole milk or cream.

All information furnished the Market Administrator pursuant to this paragraph 4 shall remain confidential in accordance with the provisions of the applicable General Regulations, Agricultural Adjustment Administration, but any such information shall be submitted by the Market Administrator to the Secretary at any time upon the request of the Secretary.

5. With respect to each delivery period, the Market Administrator shall:

- (a) Compute the total value, in each class, of all milk as reported by each and all distributors pursuant to paragraph 4, on the basis of the prices set forth in paragraph 1, making the appropriate adjustments as provided in Section B, which computation shall not include milk purchased by distributors from other distributors.
- (b) Compute the total quantity of milk by hundred-weight represented by the delivered bases of all producers as reported pursuant to paragraph 4.



- (c) Compute the value of the milk purchased, sold or used by all distributors in excess of the total delivered bases as reported pursuant to paragraph 4, of all producers excluding new producers by multiplying such excess quantity of milk by the price provided for in paragraph 1 for Class II milk.
- (d) Compute the total amount to be paid to new producers by all distributors as reported pursuant to paragraph 4 on the basis of the prices set forth in Section G of this Exhibit.
- (e) Compute the total value of the quantity of milk represented by the total delivered bases of all producers by subtracting from the amount obtained in subdivision (a) the amounts obtained in subdivisions (c) and (d).
- (f) Compute the total adjusted value of the quantity of milk represented by the total delivered bases of all producers as reported by distributors, pursuant to paragraph 4, by adding to the total value of such milk, as computed in subdivision (e), the adjustments provided for in Section C (1).
- (g) Compute the blended price for the quantity of milk represented by the total delivered bases of all producers by dividing the amount obtained in subdivision (f) by the quantity of milk represented by the total delivered bases of all producers as determined in subdivision (b).

6. On or before the 10th day of each delivery period the Market Administrator shall notify all distributors who have reported pursuant to paragraph 4, of the blended price as determined above and of the Class II price as provided for in paragraph 1 above.

Each such distributor shall pay to producers (including new producers) on or before the 15th day of each delivery period for milk delivered by such producers during the preceding delivery period subject to adjustments and deductions which are to be made pursuant to Sections C and D of this Exhibit:

- (a) To producers at the blended price for the quantity of milk delivered by each producer represented by such producer's delivered base; and



- (b) to producers at the Class II price for the quantity of milk delivered by such producers in excess of such producers' delivered bases;
- (c) to new producers at the price provided in Section G.

Provided that no provision in this Agreement shall be construed as controlling or restricting any producers' cooperative association, a party to this Agreement, with respect to the actual deductions or charges, dividends or premiums to be made by such association from and/or to its members; but no such deductions or charges may be made by any such producers' cooperative association from any of its members, to meet a current operating loss incurred by such producers' cooperative association in its processing or distribution operations unless (a) expressly and specifically authorized by any such member to make such deduction or charge for such purpose, and (b) the producers' cooperative association notifies the Market Administrator of the same.

7. The Market Administrator shall maintain for each distributor an adjustment account:

- (a) which shall be debited for the total value of the quantity of milk reported as received, sold, distributed or used by such distributor during the preceding delivery period computed pursuant to subdivision (a) of paragraph 5; and
- (b) which shall be credited for the total value of the quantity of milk reported by such distributor pursuant to paragraph 4 (excluding milk delivered by other distributors) on the basis of the prices to be paid to producers (and new producers) pursuant to paragraph 6. Such credit shall be made after giving effect to the adjustments to be made pursuant to paragraph 1 of Section C, and before giving effect to the adjustments and deductions provided for in Sections C (2) and D of this Exhibit.

Balances due to the Market Administrator on adjustment accounts with respect to milk purchased during any delivery period shall be paid to the Market Administrator on or before the 14th day of the following delivery period. Any funds so paid to the Market Administrator shall, as soon as reasonably possible, be paid out by him pro rata among distributors in proportion to the amount of adjustments to which, but only to the extent to which, they are entitled.

8. Any error in computation of payments or any discrepancies in reports of distributors or in the adjustment accounts shall be adjusted when settlements are made with respect to the following delivery period. Whenever the Market Administrator has a balance on hand in excess of any adjustments to be made to distributors, he may distribute such balance or any part thereof in an equitable manner among producers in the market.



9. The Market Administrator and/or any functioning producers' cooperative, hereinafter called 'any association' ('functioning producers' cooperative' means an association which, in the opinion of the Market Administrator, is furnishing services to its members in keeping with the requirements of the terms of this Agreement) shall at all reasonable times have the right to check sampling, weighing, and butterfat tests made by distributors, for the purpose of determining the accuracy thereof. In the event of a discrepancy between weights and tests reported by distributors and weights and tests determined by the Market Administrator and/or any association, settlements shall be made by distributors upon the basis of such weights and such butterfat content as the Market Administrator may in each case decide.

SECTION B. Adjustments in Cost of Milk to Distributors.

Each distributor shall make the following deductions from the prices to be paid for milk purchased as provided in paragraph 1 of Section A:

1. With respect to all Class I milk passing through country stations, a country station service charge of \_\_\_\_\_ cents per hundredweight and, whether shipped by railroad or trucked, an amount equal to the C. I. railroad tariff from the zone in which the point of loading is located to the railroad terminal in the Springfield Sales Area nearest the plant of such distributor;

2. With respect to all Class II milk passing through country stations, whether shipped by railroad or trucked, an amount equal to \_\_\_\_\_ per cent of 3.7 times the average price per pound of 92 score butter at wholesale in the Boston Market as reported by the United States Department of Agriculture for the delivery period during which such milk is purchased: Provided, however, That

Unless the prior written consent of the Market Administrator is obtained for some other basis of computation, the adjustments in the cost of milk to distributors made pursuant to this Section, shall be computed on the following basis:

- (a) the milk which was delivered to each distributor at locations in or nearest to the Springfield Sales Area, to the extent necessary to supply each such distributor with the milk sold, distributed or used by him as Class I milk, shall be classified as Class I milk;
- (b) any excess beyond that quantity of milk classified pursuant to subparagraph (a) above, delivered to each distributor at locations in or nearest to the Springfield Sales Area, to the extent necessary to supply each such distributor with the milk sold, distributed or used by him as Class II milk, shall be classified as Class II milk.



Producers shall have the right to deliver milk to county stations, plants or platforms of distributors, using such method of transportation as they, in their discretion, may select. At the request of the Market Administrator, each distributor shall, from time to time, submit a verified report stating the actual transportation charges on all milk delivered to him f.o.b. any and all plants and country stations, for the purpose of permitting the Market Administrator to review such transportation charges and to determine the reasonableness thereof.

SECTION C. Adjustments in Payments to Producers.

1. Each distributor shall make the following deductions from the payments to be made to producers (excluding new producers) as provided in Section A:

With respect to that quantity of milk represented by the delivered bases of producers passing through country stations, a county station service charge of     cents per hundredweight, and, whether shipped by railroad or trucked, an amount equal to the C. L. railroad tariff from the zone in which the point of loading is located to the railroad terminal in the Springfield Sales Area nearest the plant of such distributor;

With respect to all milk represented by the excess over delivered bases of producers passing through country stations, whether shipped by railroad or trucked, an amount equal to     per cent of 3.7 times the average price per pound of 92 score butter at wholesale in the Boston Market as reported by the United States Department of Agriculture for the delivery period during which such milk is purchased.

2. Each distributor shall make the following payments in addition to, or make the following deductions from, the prices to be paid to producers (including new producers) pursuant to paragraph 6 of Section A:

If any producer has delivered to any distributor, during any delivery period, milk having an average butterfat content other than 3.7 per cent, such distributor shall pay to each such producer     cents per hundred pounds for each 1/10th of 1 per cent of average butterfat content above, or shall be entitled to deduct     cents per hundred pounds for each 1/10th of 1 percent of average butterfat content below 3.7 per cent.



3. Any distributor may, with the prior approval of the Market Administrator, make payments to producers in addition to the prices provided for in paragraph 6 of Section A, provided that such additional payments are made to all the producers supplying such distributor with milk of similar quality and grade. No distributor may accept services from or render services to a producer or an association of producers from whom he is purchasing milk without making a reasonable payment or charge, as the case may be, for such services.

SECTION D. Deductions from Payments to Producers.

1. Each distributor shall deduct 2 cents per hundredweight from the payments to be made by him pursuant to Section A in regard to all milk delivered to him, and shall pay over such deduction to the Market Administrator simultaneously with making payment to producers for milk purchased.

Each distributor, who also produces milk which is sold, used or distributed as either Class I or Class II milk, shall, on or before the 15th day after the end of each delivery period, pay to the Market Administrator 2 cents per hundredweight with respect to all the milk produced by such distributor and sold, used or distributed by him as Class I or Class II milk during such delivery period.

2. Each distributor shall, in addition, deduct from the payments to be made by him pursuant to Section A in regard to all milk delivered to him by producers who are not members of any association, an amount equal to the deductions authorized by the members of any Association, for furnishing benefits to such members, which deductions, however, shall in no event exceed cents per hundredweight. Such deductions shall be paid over to the Market Administrator, simultaneously with making payments to producers for milk purchased.

3. The Market Administrator, in his discretion, may at any time waive the foregoing payments, or any part thereof for any delivery period (in which event the deductions for payments so waived shall not be made by the distributors from payments to producers): Provided, however, That any such waiver shall be equal (a) among all producers with respect to the amounts paid to the Market Administrator pursuant to paragraph 1 above, and (b) among all producers not members of the association with respect to the amounts deducted pursuant to paragraph 2 above.

4. The Market Administrator shall maintain separate accounts for the payments made to him pursuant to paragraphs 1 and 2. The Market Administrator shall apportion such monies in the following manner:

(a) The payments made pursuant to paragraph 1 shall be retained by the Market Administrator to meet his cost of operation: Provided, however, That any such funds which may remain over from such payments in excess of the cost of operation for any particular delivery period, shall be applied by the Market Administrator in meeting his cost of operation for the succeeding delivery period, and to the extent that it may be practical, the Market Administrator shall waive a portion of such deduction for the succeeding delivery period as hereinabove provided.

(b) The payments made pursuant to paragraph 2 shall be retained by the Market Administrator in a separate fund and shall be expended by him for the purpose of securing for producers who are not members of an association, market information, supervision of weights and tests, guarantee against failure by distributors to make payments for milk purchased, and other similar benefits: Provided, however, That the Market Administrator may, in his discretion, employ the facilities and services of any agent or agents, and pay over such funds in such amount as he may determine to such agent or agents for the purpose of securing to such nonmembers the aforementioned benefits, if such benefits to nonmembers may be more efficiently and economically secured thereby. The Market Administrator shall pay over such funds to such agent or agents, if he determines to do so, only upon the consent of such agent or agents: (a) to keep its or their books and records in a manner satisfactory to the Market Administrator; (b) to permit the Market Administrator to examine its or their books and records, and to furnish the Market Administrator such verified reports or other information as the Market Administrator may from time to time request; and (c) to disburse such funds in the manner above provided.

(c) Whenever the Market Administrator has a balance on hand in either of the accounts provided for in subdivisions (a) and (b) of this paragraph, he may distribute such balance, or any part thereof, in an equitable manner, among the producers (including new producers): Provided, however, That any such distribution of the balance in the account provided for in subdivision (a) shall be made to all producers (including new producers), and any such distribution of the balance provided for in subdivision (b) shall be made only to all producers (including new producers) who are not members of an association.

**SECTION E. The Market Administrator - His Designation, Duties and Compensation.**

The Secretary shall designate the Market Administrator who shall perform such duties as may be provided for him pursuant to the Agreement. The Market Administrator so designated shall be subject to removal, at any time, by the Secretary. Within forty-five (45) days following the date upon which he enters upon his duties, the Market Administrator shall execute and deliver to the Secretary a bond in such amount as the Secretary



may determine, with surety thereon satisfactory to the Secretary, conditioned upon the faithful performance of his duties as such Market Administrator. The Market Administrator shall be entitled: (a) to reasonable compensation, which shall be determined by the Secretary; (b) to borrow money to meet his cost of operation until such time as the first payments are made to him pursuant to Section D of this Exhibit, which monies shall be repaid out of the payments retained by the Market Administrator pursuant to paragraph 4, subdivision (a), of said Section D; and (c) to incur such other expenses, including compensation for persons employed by the Market Administrator as the Market Administrator may deem necessary for the proper conduct of his duties, and the cost of procuring and continuing his bond, which total expense shall be deemed to be the cost of operation of the Market Administrator. The Market Administrator shall not be held personally responsible in any way whatsoever to any party to this Agreement or to any other person for errors in judgment, mistakes of fact or other acts, either of commission or omission, except for acts of dishonesty, fraud, or malfeasance in office.

The Market Administrator shall keep such books and records as will clearly reflect the financial transactions provided for in this Agreement. The Market Administrator shall permit the Secretary to examine his books and records at all times, and furnish the Secretary such verified reports or other information as the Secretary may, from time to time, request of him.

The Market Administrator shall have the right to examine the books and records of the distributors and the books and records of the affiliates and subsidiaries of each distributor for the purpose of (1) verifying the reports and information furnished to the Market Administrator by each distributor pursuant to this Agreement and/or (2) in the event of the failure of any distributor to furnish reports or information as required by this Agreement, obtaining the information so required.

#### SECTION F. Establishment of Milk Industry Board.

The Secretary may, in his discretion, at any time, establish a Milk Industry Board, which shall have representation of producers, distributors, and the public. In establishing the Milk Industry Board, the Secretary will give due consideration to the recommendations and nominations by various groups of producers, distributors and the public. The Milk Industry Board shall have such duties and powers as the Secretary may, from time to time, delegate to it in order to effectuate the provisions and purposes of this Agreement. The Secretary may further, in his discretion, authorize and direct the Market Administrator to pay over to the Milk Industry Board for the purpose of meeting its general expenses, a portion of the monies paid to the Market Administrator for his cost of operation, pursuant to Section D of this Exhibit, providing that such portion shall in no event exceed 1/4 cent per hundred pounds of milk for which such payment is made.

SECTION G. New Producers.

1. New producers shall be those producers whose milk was neither being purchased by distributors nor being distributed in the Springfield Sales Area within 90 days prior to the effective date of this Agreement.

2. Each distributor upon first receiving milk from any producer shall immediately report to the Market Administrator (1) the name of such producer, (2) the date on which such producer's milk was first received, and (3) whether or not such producer is a new producer.

3. Each distributor shall pay to each new producer for all milk delivered by or handled for such new producer from the date when milk is first received to the end of the sixth full delivery period after such date (excluding any emergency period during which such producer receives payment pursuant to paragraph 4 hereof), the Class II price set forth in paragraph 1 of Section A.

4. The Market Administrator shall allot a base to each new producer prior to the expiration of the sixth full delivery period during which his milk is being sold in the Springfield Sales Area, which base shall be allotted in accordance with the provisions of Exhibit B hereof. Such base shall not be effective for the purposes of Exhibit A until the expiration of six full delivery periods during which his milk is being sold in accordance with the provisions of this Section.

5. During an emergency period when the normal supply of milk from producers who have established bases is not sufficient to meet the Class I requirements of any distributor, such distributor may, with the prior approval of the Market Administrator, purchase milk of any producer who has no base; Provided, however, That in any such event, the producer selling such milk shall be paid for the same depending upon the ultimate use of such milk and at the prices as provided for in paragraph 1, Section A, and such payment shall not be included in the computation as provided in paragraph 5, Section A, but shall be reported separately to the Market Administrator by the distributor who purchased the milk from such producer.



EXHIBIT B

RULES FOR ESTABLISHMENT OF BASES

1. For the purposes of the Agreement, the term "established base" as used in respect to any producer, shall mean the base allotted pursuant to the provisions of this Exhibit.

2. The established base for a producer shall be that quantity obtained by multiplying the daily base allotted to such producer in accordance with the provisions of this Exhibit B by the number of days in the delivery period with respect to which the established base is to be used.

Each producer shall be allotted a daily base by the Market Administrator which shall be an amount equal to such percentage of either

- (a) The average amount of his daily deliveries of milk (in the case of a distributor who produces milk distributed by him as whole milk, the amount of his sales of Class I and Class II milk) during the period July, August, September, October, November, 1933, or
- (b) The average amount of his daily deliveries of milk (in the case of a distributor, the amount of his sales of Class I and Class II milk) during the calendar year, 1933,

whichever amount is greater, as will make the total of all daily bases approximately equal to the total average amounts of milk sold, distributed, or used daily by distributors as Class I milk: Provided, however, That those producers who did not deliver milk, or those producer-distributors who did not distribute milk produced by themselves, during the entire period from August 1 to November 30, 1933, shall be allotted bases pursuant to subsection (b)

3. The base for any association of producers at any time shall be the sum of the bases of its members at such time.

If and as any producer changes his membership in any association of producers which has a base to any other association of producers which also has a base, the Market Administrator shall decrease the base of the first association of producers by the amount of the base of such producer, and shall increase the base of the second association of producers by such amount.

4. The Market Administrator may make such revisions in the base of any and all producers as he may, from time to time, deem necessary or advisable, to the end that such bases may be equitable as among producers and that the total of all established bases may, so far as practical, be equal to the total quantity of milk sold or used by distributors as Class I milk.

5. Every distributor shall, within five days of the effective date of this Agreement, submit to the Market Administrator written reports, verified under oath, containing the following information (1) with respect to each producer who has delivered milk to such distributor and (2) for each calendar month during the years of 1933 and 1934 or such portion thereof as the producer may have delivered milk:

- (a) The total pounds of delivered milk.
- (b) The average percentage of butterfat in such delivered milk.
- (c) The total pounds of butterfat in such delivered milk.

Each distributor shall also state on the reports submitted pursuant to this paragraph, the total quantity of milk distributed by him as Class I milk during the calendar year 1933.

Each distributor required to report pursuant to paragraph 4 of Section A of Exhibit A shall, in addition to the foregoing information, include in the report submitted by him a statement containing the following information with respect to each calendar month during the years 1933 and 1934 or such portion thereof as such distributor may have distributed or sold milk produced by himself: (a) the total quantity of milk produced by him and sold by him as Class I and Class II milk, (b) the average percentage of butterfat in such milk, and (c) the total number of pounds of butterfat in such milk.

6. When bases are established for producers, as hereinabove provided, the Market Administrator shall notify each distributor of the bases of the producers, including those producers who are members of any association who are delivering milk to such distributor. (Before the expiration of the first six full delivery periods that the milk of a new producer is sold to distributors, the Market Administrator shall notify the distributors of the base of such new producer.) At the same time, the Market Administrator shall notify each association of the bases of their respective members, and the base of each association.

7. A producer with a base, whether landlord or tenant, may retain his base when moving his entire herd from one farm to another farm.

8. A landlord who rents on shares is entitled to the entire base to the exclusion of the tenant, if the landlord owns the entire herd. Likewise, the tenant who rents on shares is entitled to the entire base to the exclusion of the landlord if the tenant owns the entire herd. If the cattle are jointly owned by tenant and landlord, the base shall be divided between the joint owners according to the ownership of the cattle if and when such joint owners terminate the tenant-landlord relationship.

9. Any producer who voluntarily ceases to market milk pursuant to the terms and provisions of this Agreement for a period of more than 45 consecutive days shall forfeit his base. In the event that he thereafter.



commences to market milk pursuant to the terms and provisions of this Agreement, he shall be treated for the purposes of these rules as if he were a new producer.

10. Any producer may relinquish his base at any time. In the event, thereafter, such producer requests the Market Administrator to allot him a base, he shall be treated for the purpose of these rules as if he were a new producer.

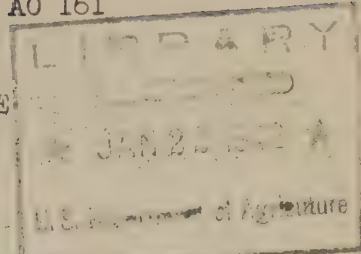
11. A base may be transferred by the Market Administrator from a producer to a person who has no base, upon the transfer of the producer's entire herd to such person.

12. Any producer whose average monthly delivery of milk for any three consecutive months is less than seventy-five (75) percent of his base will thereby establish a new base equal to such average monthly delivery.





UNITED STATES DEPARTMENT OF AGRICULTURE  
SURPLUS MARKETING ADMINISTRATION  
DAIRY DIVISION



NOTICE OF HEARING WITH RESPECT TO A PROPOSED  
MARKETING AGREEMENT AND PROPOSED ORDER  
REGULATING THE HANDLING OF MILK IN THE  
SPRINGFIELD, MASSACHUSETTS, MARKETING AREA,  
PREPARED AND PROPOSED BY THE NEW ENGLAND  
MILK PRODUCERS' ASSOCIATION, UPON WHICH  
SAID ORGANIZATION HAS REQUESTED THE  
SECRETARY OF AGRICULTURE TO HOLD A HEARING  
UNDER THE AGRICULTURAL MARKETING AGREEMENT  
ACT OF 1937, AS AMENDED.

Notice is hereby given of a hearing to be held at the auditorium of the Hampden County Improvement League Building, Eastern States Exposition Grounds, West Springfield, Massachusetts, at 10:00 a.m., e.s.t., January 23, 1942, with respect to a proposed marketing agreement and proposed order regulating the handling of milk in the territory included within the boundary lines of the cities and towns of Agawam, Chicopee, East Longmeadow, Holyoke, Longmeadow, Ludlow, South Hadley, Springfield, West Springfield, Westfield, and Wilbraham, Massachusetts (which territory is known and hereinafter referred to as the Springfield, Massachusetts, marketing area). The proposed marketing agreement and proposed order have been prepared and proposed by the New England Milk Producers' Association.

This notice is given pursuant to the Agricultural Marketing Agreement Act of 1937 (7 U. S. C. 1940 ed. 601 et seq.) and to the General Regulations of the Surplus Marketing Administration, United States Department of Agriculture (Title 7, Chapter IX, Part 900, Section 900.4 of the Code of Federal Regulations).

At this public hearing, representatives of the Secretary will receive factual evidence (1) as to whether marketing conditions for such handling of milk in the Springfield, Massachusetts, marketing area as is in the current of interstate commerce or which directly burdens, obstructs or affects interstate commerce are so disorderly as to necessitate regulation of the handling of such milk in order that the declared policy of the act may be effectuated, and (2) as to the specific provisions which a marketing agreement or order should contain.

The proposed marketing agreement and proposed order provide, among other things, for: (a) selection of a market administrator, (b) classification of milk, (c) minimum prices, (d) reports of handlers, (e) payments to producers through the use of an individual-handler pool, (f) deductions for marketing services, and (g) expenses of administration.

Evidence will also be received as to (a) the feasibility of a

provision in the proposed marketing agreement and proposed order substituting a market-wide pool for the individual-handler pool, and (b) whether the administrative assessment should be 2 cents or 3 cents per hundredweight.

It is hereby determined that an emergency exists which requires a shorter period of notice than that specified in Section 900.4 of the General Regulations of the Surplus Marketing Administration (Title 7, Chapter IX, Section 900 of the Code of Federal Regulations), United States Department of Agriculture and that the notice herewith given is reasonable under the circumstances.

Copies of the proposed marketing agreement and proposed order may be obtained from the Hearing Clerk, Office of the Solicitor, United States Department of Agriculture, in Room 0312 South Building, Washington, D.C. or may be there inspected.

/s/ Robert H. Shields

Assistant to the Secretary of Agriculture

Acting pursuant to the authority  
delegated by the Secretary of Agriculture  
under the Act of April 4, 1940 (54 Stat.  
81; 6 F.R. 5192)

Dated: January 13, 1942

Washington, D. C.

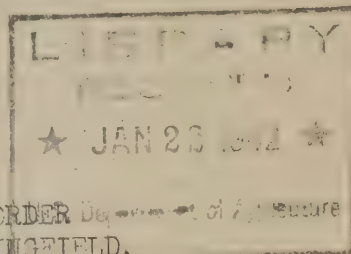


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Springfield, Mass.

Docket No. AO 161

Notice of hearing signed by the Assistant  
to the Secretary of Agriculture  
on January 13, 1942.

UNITED STATES DEPARTMENT OF AGRICULTURE  
SURPLUS MARKETING ADMINISTRATION  
Dairy Division



PROPOSED MARKETING AGREEMENT AND PROPOSED ORDER  
REGULATING THE HANDLING OF MILK IN THE SPRINGFIELD,  
MASSACHUSETTS, MARKETING AREA UPON WHICH THE SEC-  
RETARY OF AGRICULTURE HAS ISSUED NOTICE OF HEARING UNDER  
THE AGRICULTURAL MARKETING AGREEMENT ACT OF 1937

The New England Milk Producers Association has presented the Secretary with a petition for a public hearing on a proposed marketing agreement and a proposed order regulating the handling of milk in the Springfield, Massachusetts, marketing area under the Agricultural Marketing Agreement Act of 1937, as amended. The proposed provisions of the marketing program set forth below have been suggested by the above association which represents approximately forty percent of the dairymen supplying milk to the Springfield, Massachusetts, marketing area. In addition, the Dairy Division proposes two provisions that are alternative to §§ 7 and 10 as proposed by the New England Milk Producers Association.

The Agricultural Marketing Agreement Act of 1937, as amended, authorizes the Secretary of Agriculture after due notice of, and opportunity for, hearing to enter into marketing agreements with, and to issue orders applicable to, processors, producers, associations of producers, and others engaged in the handling of milk and its products in the current of interstate or foreign commerce, and authorizes the Secretary to call hearings whenever he has reason to believe that the issuance of an order and/or the execution of an agreement will tend to effectuate the declared policy of the act. In simple terms, as applied to milk, the declared policy of the act is to establish and maintain such orderly marketing conditions for milk in interstate commerce as will establish prices for milk at a level which will give that milk a purchasing power with respect to articles that farmers buy equivalent to its purchasing power in a prescribed base period, after taking into account the available supplies of feed, the prices of feed, and other economic conditions affecting the demand for and the supply of milk.

In response to the petition of the above-named association, the Secretary of Agriculture has issued notice of a public hearing to be held at the auditorium of the Hampden County Improvement League Building, Eastern States Exposition Grounds, West Springfield, Massachusetts, at 10:00 a.m., on January 23, 1942.

At the above time and place opportunity will be given for interested parties to present evidence (1) as to whether or not any marketing agreement and order should be issued, and (2) as to each and every provision set forth below and as to changes to such provisions which may be proposed in the course of the hearing. It is suggested that each interested party carefully present all the facts which he feels the Secretary of Agriculture should have in the record of the public hearing upon which to base a decision (1) as to the issuance of an order, jointly with the Commonwealth of Massachusetts or otherwise, and (2) if an order is to be issued, what provisions such an order is to contain. The best interests of a proponent, of of an opponent, of the whole proposal, or any provision thereof, will best be served by concise presentation of the relevant facts in his possession, reserving his arguments for filing in written form at the close of the hearing session.

If, upon the facts in the record, the Secretary of Agriculture decides that an order should be issued, the content of the order, based upon the facts in the record, will then be made known to producers, and their approval or disapproval as to whether the order shall become effective will be determined. The content of the order will be the same as that of a marketing agreement which handlers will be given an opportunity to sign.

The provisions proposed by the above-named association are set forth below as possible provisions of a marketing agreement and of an order. Their publication in this form is for the convenience of interested parties and is not to be considered as in any way signifying their approval or disapproval by the Secretary of Agriculture.

Proposed agreement submitted by the New England Milk Producers' Association.

§ 1. Definitions. (a) Terms. The following terms shall have the following meanings:

(1) The term "act" means the Agricultural Marketing Agreement Act of 1937 which reenacts and further amends Public, No. 10, 73d Congress, as amended.

(2) The term "Secretary" means the Secretary of Agriculture of the United States.

(3) The term "Springfield, Massachusetts, marketing area," hereinafter called the "marketing area", means the territory included within the boundary lines of the cities and towns of Agawam, Chicopee, East Longmeadow, Holyoke, Longmeadow, Ludlow, South Hadley, Springfield, West Springfield, Westfield, and Wilbraham, Massachusetts.



(4) The term "person" means any individual, partnership, corporation, association, or any other business unit.

(5) The term "producer" means any person who produces milk which is delivered to a receiving plant from which milk is shipped to, or sold in, the marketing area during any delivery period.

(6) The term "association of producers" means any cooperative marketing association which the Secretary determines to be qualified pursuant to the provisions of the act of Congress of February 18, 1922, as amended, known as the "Capper-Volstead Act", and to be engaged in making collective sales or marketing of milk or its products for the producers thereof.

(7) The term "handler" means any person who, on his own behalf or as agent for producers, produces milk, or purchases or receives milk from producers, associations of producers, or other handlers, and engages in the handling of such milk, which is sold, distributed, or disposed of as milk or cream within the marketing area, as is in the current of interstate commerce or which directly burdens, obstructs, or affects interstate commerce in milk and its products.

(8) The term "producer-handler" means any handler who is also a producer and receives no milk from other producers and who either (a) has average daily receipts of less than 1,000 pounds of milk from his own farm production, or (b) uses for the processing and packaging of the milk distributed by him, facilities located on a farm on which at least 25 percent of his own production is made.

(9) The term "market administrator" means the person designated pursuant to § 2 as the agency for the administration hereof.

(10) The term "delivery period" means the current marketing period from the effective date hereof to and including the last day of the calendar month in which this order becomes effective, and thereafter the current marketing period from the first day to and including the last day of each calendar month.

(11) The term "hundredweight" means one hundred pounds of milk or its volume equivalent, considering 85 pounds of milk and 86 pounds of skimmed milk per 40-quart can.

(12) The term "receiving plant" means any milk plant currently used for receiving, weighing (or measuring), sampling, and cooling milk received there directly from producers' farms, and for washing and sterilizing the milk cans in which such milk is received, and at which are currently maintained weigh sheets or other records of producers' deliveries.

§ 2. Market administrator. (a) Designation. The agency for the administration hereof shall be a market administrator, who shall be a person selected by the Secretary. Such person shall be entitled to such compensation as may be determined by, and shall be subject to removal at the discretion of, the Secretary.

(b) Powers. The market administrator shall have power;

(1) To administer the terms and provisions hereof:

(2) To receive, investigate, and report to the Secretary complaints of violations of the terms and provisions hereof; and

(3) To recommend to the Secretary of Agriculture amendments hereto.

(c) Duties. The market administrator, in addition to the duties hereinafter described, shall:

(1) Within 45 days following the date upon which he enters upon his duties, execute and deliver to the Secretary a bond conditioned upon the faithful performance of his duties, in an amount and with sureties thereon satisfactory to the Secretary;

(2) Pay, out of the funds provided by § 10, the cost of his bond, his own compensation, and all other expenses necessarily incurred in the maintenance and functioning of his office;

(3) Keep such books and records as will clearly reflect the transactions provided for herein, and surrender the same to his successor or to such other person as the Secretary may designate;

(4) Unless otherwise directed by the Secretary, publicly disclose within 30 days after such nonperformance becomes known to the market administrator, the name of any person who, within 2 days after the date on which he is required to perform such acts, has not (a) made reports pursuant to § 5 or (b) made payments pursuant to § 8; and may at any time thereafter so disclose any such name if authorized by the Secretary so to do; and

(5) Promptly verify the information contained in the reports submitted by handlers.

§ 3. Classification of milk. (a) Basis of classification.

(1) Except as provided in subparagraph (2) of this paragraph, all milk received by a handler from producers, or produced by him, shall be classified in the classes set forth in paragraph (b) of this section in accordance with its utilization by him.



(2) Subject to paragraph (c) of this section, milk or skimmed milk moved to the plant of another handler or of a person who distributes milk or manufactures milk products may be classified in the manner that is reported by both the selling and the receiving handlers, or by the seller alone if the receiver is not a handler or if the two reports do not agree: Provided, That no greater quantity shall be classified as Class II milk than the total milk or skimmed milk utilized by such receiver as Class II milk, unless the receiver is a handler and a cooperative association as determined pursuant to § 9(b), in which event the milk shall be classified in the same manner as though it were received by the association directly from producers.

(b) Classes of utilization. The classes of utilization of milk shall be as follows:

(1) Class I milk shall be all milk, the utilization of which is not established as Class II milk.

(2) Class II milk shall be all milk the utilization of which is established (i) as being sold, distributed, or disposed of other than as or in milk which contains one-half of 1 percent or more, but less than 16 percent of butterfat, and other than as chocolate or flavored whole or skim milk, and (ii) as actual plant shrinkage applicable to Class II milk, to be determined by prorating the total plant shrinkage between Class I and Class II milk in proportion to the volume otherwise classified in each class: Provided, That the quantity of shrinkage which is classified as Class II milk shall not exceed 2 percent of milk classified pursuant to (i) of this subparagraph.

(c) Disposition of milk to other markets. (1) Milk received by a handler at one of his plants not subject to the provisions hereof from persons reported by him as under contract to have their milk received and paid for as part of his supply for the marketing area shall be considered as received from producers and classified (a) as Class II milk if received at a plant of that handler, the handling of milk in which plant is subject to the order regulating the handling of milk for the Greater Boston marketing area, and (b) as Class I milk if received at a plant of that handler the handling in which plant is not subject to the order regulating the Greater Boston marketing area.

(2) Milk or skimmed milk disposed of by a handler to any plant not subject to the provisions hereof shall be classified (a) as Class II milk if received at a plant, the handling of milk in which plant is subject to the order regulating the handling of milk for the

Greater Boston marketing area, and (b) as Class I milk, not to exceed the total quantity of Class I milk or skimmed milk at such plant, if received at a plant the handling in which plant is not subject to the order regulating the Greater Boston marketing area.

§ 4. Minimum prices. (a) Class I price to associations of producers. Each handler shall pay an association of producers, at the time set forth in § 8(a) and subject to the butterfat differential calculated pursuant to § 8(c), for Class I milk delivered in bulk from such association's receiving plant to such handler's plant located within 20 miles of the City Hall in Springfield, not less than the applicable price pursuant to paragraph (b)(1) of this section plus 13 cents.

(b) Class I price to producers. Each handler shall pay producers, at the time and in the manner set forth in § 8, for Class I milk delivered by them, not less than the following prices:

(1) For such milk delivered from producers' farms to such handler's receiving plant located within 20 miles of the City Hall in Springfield, \$4.25 per hundredweight.

(2) For such milk delivered from producers' farms to such handler's receiving plant not located within 20 miles of the City Hall in Springfield, an amount per hundredweight determined in accordance with subparagraph (1) of this paragraph, less an amount equal to 13 cents and less the average of the freight rates from the railroad shipping point for such handler's plant to Springfield, calculated according to the lowest applicable rail tariffs for the transportation in carload lots of milk in 40-quart cans (considering 85 pounds of milk per 40-quart can).

(3) For the purpose of this paragraph, the milk which was disposed of during each delivery period by each handler as Class I milk from a handler's receiving plant located within 20 miles of the City Hall in Springfield shall be presumed to have been first that milk which was received directly from producers' farms at such plant and then that milk which was shipped from the nearest receiving plant not located within 20 miles of the City Hall in Springfield.

(c) Class II prices. Each handler shall pay producers, at the time and in the manner set forth in § 8, for Class II milk delivered by them, not less than the following prices per hundredweight:

(1) For such milk delivered to a handler's receiving plant located within 20 miles of the City Hall in Springfield, the price calculated pursuant to subparagraph (2) of this paragraph, plus 17.0 cents.



(2) For such milk delivered to a handler's receiving plant not located within 20 miles of the City Hall in Springfield, a price which the market administrator shall compute as follows: divide by 33.48 the weighted average price per 40-quart can of 40 percent bottling quality cream in the Boston market, as reported by the United States Department of Agriculture for the delivery period during which such milk is delivered, or the last such price reported for a delivery period if no such price is reported for the delivery period during which such milk is delivered, multiply the result by 3.7 and subtract 30.0 cents: Provided, That any plus amount for skim value shall be added which results from the average of the two following computations: (a) compute the average of all hot-roller process dry skim-milk quotations, "other brands, human consumption, barrels, carlots," and for "other brands, animal feed, carlots, bags or barrels" (using midpoint of any range as one quotation), published during such delivery period in The Producers' Price-Current, subtract  $4\frac{1}{4}$  cents, multiply by 7; and (b) compute the average of all quotations (using midpoint of any range as one quotation), published during the delivery period in the Oil, Paint, and Drug Reporter for domestic 20-30 mesh casein in bags in carlots at New York, subtract 6.6 cents and multiply by 2.2: Provided further, That if either computation results in a minus amount, the other shall be used in lieu of the average.

(d) Sales outside the marketing area. The price to be paid to associations of producers or to producers for Class I milk sold outside of the marketing area shall be the price ascertained by the market administrator as the prevailing price paid by dealers for milk of equivalent use in the market where such Class I milk is utilized.

§ 5. Reports of handlers. (a) Periodic reports. On or before the 8th day after the end of each delivery period, each handler who receives milk from producers shall, with respect to milk or cream which was received or produced by such handler during such delivery period, report to the market administrator in the detail and form prescribed by the market administrator, as follows:

(1) The receipts at each plant from producers, including the quantity, if any, produced by such handler.

(2) The receipts at each plant from any other handler, including any handler who is also a producer, except as provided in § 6(c).

(3) Receipts at each plant pursuant to § 6(d).

(4) The respective quantities of milk which were sold, distributed, or used, including sales to other handlers, for the purpose of classification pursuant to § 3.

(b) Reports of handlers who receive no milk from producers.

Handlers who receive no milk from producers shall make reports to the market administrator at such time and in such manner as the market administrator may require.

(c) Reports as to producers. Each handler shall report to the market administrator:

(1) Within 10 days after the market administrator's request with respect to any producer for whom such information is not in the files of the market administrator, and with respect to a period or periods of time designated by the market administrator, (a) the name, post office address, and farm location, (b) the total pounds of milk delivered, (c) the average butterfat test of milk delivered, and (d) the number of days on which deliveries were made;

(2) At such time after the 18th day after the end of each delivery period as the market administrator may require, each handler shall within 10 days submit to the market administrator his producer records for such delivery period, which shall show for each producer: (a) the total delivery of milk with the average butterfat test thereof, (b) the net amount of the payment to each producer and association of producers made pursuant to § 8, and (c) the deductions and charges made by the handler;

(3) On or before the 18th day after the end of the first delivery period following the effective date hereof, each handler shall report to the market administrator a schedule of the transportation rates which were charged and paid for the transportation of milk from the farm of each producer to such handler's receiving plant, and such information with respect to distances involved as the market administrator may require;

(4) On or before the 18th day after any changes are made in the schedule filed in accordance with subparagraph (3) of this paragraph, a copy of the revised schedule with the effective dates of such changes as may appear in the revised schedule; and

(5) On or before the 8th day after the end of each delivery period each handler shall report the names of any persons whose milk such handler is reporting pursuant to §§3(c) and 6(d) and include a certification that these persons have contracts as specified therein.

(d) Announcement of transportation rates. On or before the 30th day after the end of each delivery period, the market administrator shall mail to all handlers and shall publicly announce the rate or rates of such deductions made by each handler, as reported, pursuant



to subparagraphs (3) and (4) of paragraph (c) of this section, and such information with respect to the distances involved and so reported as the market administrator may deem advisable.

(e) Verification of reports. Each handler shall make available to the market administrator or his agent, (1) those records which are necessary for the verification of the information contained in reports submitted by such handler pursuant to this section, and (2) those facilities necessary for the weighing, measuring, and sampling of milk and the testing of the butterfat content of milk, and for determining the utilization of milk made by the handler.

§ 6. Application of provisions. (a) Handlers who receive no milk from producers. The provisions hereof, except as set forth in § 5, shall not apply to a producer-handler nor to a handler whose sole source of milk supply consists of receipts from other handlers.

(b) Handlers who receive milk of their own production and who receive milk from producers. If any handler who produces milk in any delivery period receives from producers and associations of producers a quantity of milk equal to more than 10 percent of his fluid milk sales for such period, his receipts of his own production of milk shall be included in the computation of the value of milk of the handler for such period, pursuant to § 7(a).

(c) Milk received from producers who are also handlers. Milk of a handler's own production which is delivered in bulk to another handler shall be considered as being delivered by a producer unless the receiving handler is a producer-handler.

(d) Producers for other markets. Milk received from producers who are reported by a handler as under contract to have their milk received and paid for as part of that handler's supply for a market other than the marketing area, shall be reported under a separate category, and the provisions of §§ 8 and 9 shall not apply.

(e) Milk subject to the Greater Boston order. The provisions hereof shall not apply, except as provided in § 3, to the handling of milk received at any handler's receiving plant which is subject to the provisions of the order regulating the handling of milk in the Greater Boston, Massachusetts, marketing area (Order No. 4), issued by the Secretary on February 7, 1936, effective February 9, 1936, as amended, or of any order superseding or amending such order, unless such handler disposes of less than 10 percent of his total receipts as Class I milk in the Greater Boston marketing area.

§ 7. Determination of prices to producers. (a) Computation of value of milk for each handler. For each delivery period the market administrator shall compute, subject to the provisions of § 6, the value of milk disposed of by each handler, and to be accounted for under this paragraph, as follows:

(1) Subtract from the quantity of such handler's Class I milk:

(i) The quantity of milk of his own production received by such handler in any period in which such handler's receipts of milk from producers and associations of producers does not exceed 10 percent of his fluid milk sales; and

(ii) The quantity of milk received pursuant to § 6(d) from producers who are reported as having contracts applying to the Greater Boston marketing area.

(2) Subtract from the quantity of such handler's Class I milk or of his Class II milk, according to the classification thereof as the same is reported and classified pursuant to § 3, the quantity of milk received by such handler from other handlers;

(3) Subtract from the quantity of such handler's Class II milk the quantity of milk received pursuant to § 6(d) from producers who are reported as having contracts applying to markets other than the Greater Boston market; and

(4) Multiply the remainder of the quantity of milk in each class by the price applicable pursuant to § 4(b) and § 4(c), and add together the resulting quantity and value of both classes.

(b) Computation of composite prices to be paid to producers. The market administrator shall compute for each handler the composite price per hundredweight, f.o.b. such handler's plant located within 20 miles of the City Hall in Springfield, for each delivery period as follows:

(1) Ascertain the total value of all milk disposed of by such handler, computed pursuant to paragraph (a) of this section;

(2) Add the amount of the differential applicable pursuant to § 8(d)(1);

(3) Subtract any amounts required to be paid under the order regulating the handling of milk in the Greater Boston marketing area, with respect to the handling of any milk pursuant to § 6(e); and



(4) Divide the value remaining after subtraction pursuant to subparagraph (3) of this paragraph by the total quantity of milk included in the computation of the value of milk disposed of by such handler made pursuant to paragraph (a) of this section.

(c) Announcement of prices to be paid producers. The market administrator shall mail to all handlers and shall publicly announce:

(1) On or before the 12th day after the end of each delivery period with respect to each handler who made the report pursuant to § 5(a), and as soon after the 11th day after the end of each delivery period as such information becomes available for any other handler:

(i) The composite price for each handler for such delivery period as determined in accordance with paragraph (b) of this section;

(ii) The Class II price for such delivery period; and

(iii) The butterfat differential for such delivery period.

(2) As soon after the 11th day after the end of each delivery period as such information becomes available:

(i) The total quantity and value of all milk sold, distributed, or used by all handlers as included in the computations under paragraph (a) of this section;

(ii) The total quantity and value of the Class I milk sold, distributed, or used by all handlers, and included in such computations;

(iii) The total quantity and value of the Class II milk sold, distributed, or used by all handlers, and included in such computations; and

(iv) The average price for all milk received by all handlers from producers, and all milk of their own production received by handlers, during such delivery period as is included in such computations.

§ 8. Payments to producers. (a) Time and method of payments. On or before the 18th day after the end of each delivery period, each handler shall make payment, subject to the differentials set forth in this section, for the total value of milk received by him from producers during such delivery period, as computed in accordance with § 7(a), as follows:

(1) To each producer, except as provided in subdivision (ii) of this subparagraph, at not less than the composite price per hundred-weight computed for such handler pursuant to § 7(b).

(2) To producers, who are members of a cooperative association which the Secretary determines to be qualified under the provisions of the act of Congress of February 18, 1922, known as the "Capper-Volstead Act," a total amount equal to not less than the sum of the individual payments otherwise payable to such producers under subparagraph (1) of this paragraph.

(b) Correction of errors in payments to producers. Errors in making any of the payments prescribed in this section shall be corrected not later than the date for making payments next following the determination of such errors. Any correction affecting all producers delivering to any handler during the period in which such error occurred shall be corrected as the market administrator shall determine to be equitable, either by (a) adjustment of the account of each individual producer who delivered during such period on the basis of a recomputation of the price of such handler, or (b) addition or subtraction of the amount of such correction to or from the value of all milk received by such handler in the delivery period during which such error was determined, computed as set forth in § 7(a).

(c) Butterfat differential. If any producer or association of producers has delivered to any handler during any delivery period milk having an average butterfat content other than 3.7 percent, such handler shall, in making payments to such producer or association of producers, prescribed by paragraph (a) of this section or by § 4(a), add for each one-tenth of 1 percent of average butterfat content above 3.7 percent, or deduct for each one-tenth of 1 percent of average butterfat content below 3.7 percent an amount per hundredweight which shall be calculated by the market administrator as follows: divide by 33.48 the weighted average price per 40-quart can of 40 percent bottling quality cream in the Boston market, as reported by the United States Department of Agriculture for the period between the 16th day of the preceding month and the 15th day, inclusive, of the delivery period during which such milk is delivered, or the last such price reported for a delivery period if no such price is reported for the period between the 16th day of the preceding month and the 15th day, inclusive, of the delivery period during which such milk is delivered, subtract 1.5 cents, and divide the result by 10.

(d) Country receiving plant and freight differential. The payments to be made by handlers to producers pursuant to paragraph (a) of this section shall be subject to a differential as follows:



(1) With respect to all milk delivered by a producer to a handler at a receiving plant not located within 20 miles of the City Hall in Springfield, there shall be deducted an amount per hundredweight equal to 13 cents plus the average of the lowest freight rates from the railroad shipping point for such handler's plant to Springfield according to the tariff currently approved by the Interstate Commerce Commission for the transportation in carload lots of milk in 40-quart cans (considering 85 pounds of milk per 40-quart can).

(e) Other differentials. In making payments to producers prescribed in paragraph (a) of this section handlers may make deductions as follows:

(1) With respect to milk delivered by producers in containers supplied by the handler for the transportation of milk from their farms to the handler's receiving plant, an allowance of \$0.0075 per hundredweight as rental for such containers; and

(2) With respect to all milk received by a handler from producers an amount per hundredweight equal to one-half of the payment required to be made by the handler to the Massachusetts Milk Control Board (pursuant to an official order of such board issued under authorization of Section 13 of the Massachusetts Milk Control Law, Chapter 376, of Massachusetts Acts of 1934, as amended by Section 6 of Chapter 428 of Massachusetts Acts of 1937) on account of the sale, distribution, or use of such milk or of cream manufactured from such milk, divided by the total quantity of milk (a) delivered by producers and by such handler if he is also a producer, as included in the computation made pursuant to § 7(a), and (b) received by such handler from associations of producers, other handlers, and other persons engaged in the business of handling milk, as to which such handler is the first milk dealer within the Commonwealth of Massachusetts dealing in or otherwise handling such milk.

(f) Statements to producers. In making the payments to producers prescribed by subparagraphs (1) and (2) of paragraph (a) of this section, each handler shall furnish each producer with a supporting statement, in such form that it may be retained by the producer, which shall show:

(1) The delivery period, and the identity of the handler and of the producer;



- (2) The total pounds and average butterfat test of milk delivered by the producer;
- (3) The minimum rate or rates at which payment to the producer is required under the provision of paragraphs (a), (c), and (d) of this section;
- (4) The rate for such milk delivered from the producer's farm to the handler's plant, which is used in making the payment, if other than the applicable minimum rate;
- (5) The amount or the rate per hundredweight of each deduction claimed by the handler, including any deductions claimed under § 8(e) and § 9, together with a description of the respective deductions; and
- (6) The net amount of payment to the producer.

§ 9. Marketing services. (a) Marketing service deduction. In making payments to producers pursuant to § 8, each handler shall, with respect to all milk delivered by each producer during each delivery period, except as set forth in paragraph (b) of this section, deduct 3 cents per hundredweight, or such lesser amount as the market administrator shall determine to be sufficient, and shall, on or before the 18th day after the end of such delivery period, pay such deductions to the market administrator. Such moneys shall be expended by the market administrator only in providing for market information to, and for verification of weights, samples, and tests of milk delivered by such producers. The market administrator may contract with an association or associations of producers for the furnishing of the whole or any part of such services to, or with respect to the milk delivered by, such producers.

(b) Marketing service deductions with respect to members of a producers' cooperative association. In the case of producers for whom a cooperative association, which the Secretary determines to be qualified under the provisions of the act of Congress of February 18, 1922, known as the "Capper-Volstead Act," is actually performing the services set forth in paragraph (a) of this section, each handler shall, in lieu of the deductions specified in paragraph (a) of this section, make such deductions from payments made pursuant to § 8, as may be authorized by such producers, and pay over on or before the 18th day after the end of each delivery period such deduction to the associations rendering such service of which such producers are members.



§ 10. Expense of administration. (a) Payments by handlers. As his prorata share of the expense of administration hereof, each handler, except as set forth in § 6(a), shall, on or before the 18th day after the end of each delivery period, pay to the market administrator 2 cents per hundredweight or such lesser amount as the market administrator shall determine to be sufficient with respect to all milk produced outside the Commonwealth of Massachusetts and delivered by producers and by such handler if he is also a producer, during such delivery period: Provided, That each handler, which is a cooperative association of producers, shall pay such prorata share of expense of administration only on such milk actually received from producers at a plant operated by such association from which milk is delivered to, or for consumption in, the marketing area.

(b) Suits by the market administrator. The market administrator may maintain a suit in his own name against any handler for the collection of such handler's prorata share of expense set forth in this section.

§ 11. Effective time, suspension, and termination. (a) Effective time. The provisions hereof, or any amendment hereto, shall become effective at such time as the Secretary may declare and shall continue in force until suspended, or terminated, pursuant to paragraph (b) of this section.

(b) Termination of agreement. The Secretary may terminate this agreement whenever he finds that this agreement obstructs or does not tend to effectuate the declared policy of the act.

This agreement shall, in any event, terminate whenever the provisions of the act authorizing it cease to be in effect.

(c) Continuing power and duty of the market administrator. If upon the suspension or termination of any or all provisions hereof, there are any obligations arising hereunder, the final accrual or ascertainment of which requires further acts by any handlers, by the market administrator, or by any other reason, the power and duty to perform such further acts shall continue notwithstanding such suspension or termination: Provided, That any such acts required to be performed by the market administrator shall, if the Secretary so directs, be performed by such other person, persons, or agency as the Secretary may designate.

The market administrator, or such other person as the Secretary may designate, (a) shall continue in such capacity until discharged by the Secretary, (b) from time to time account for all receipts and disbursements and deliver all funds or property on hand,



together with the books and records of the market administrator, or such person, to such persons as the Secretary shall direct, and (c) if so directed by the Secretary, execute such assignments or other instruments necessary or appropriate to vest in such person full title to all funds, property, and claims vested in the market administrator or such person pursuant thereto.

(d) Liquidation after suspension or termination. Upon the suspension or termination of any or all provisions hereof, the market administrator, or such person as the Secretary may designate, shall, if so directed by the Secretary, liquidate the business of the market administrator's office, and dispose of all funds and property then in his possession or under his control, together with claims for any funds which are unpaid or owing at the time of such suspension or termination. Any funds collected pursuant to the provisions hereof, over and above the amounts necessary to meet outstanding obligations and the expenses necessarily incurred by the market administrator or such person in liquidating and distributing such funds, shall be distributed to the contributing handlers and producers in an equitable manner.

§ 12. Liability. (a) Liability of handlers. The liability of the handlers hereunder is several and not joint and no handler shall be liable for the default of any other handler.

The following provisions are proposed by the Dairy Division, Surplus Marketing Administration, United States Department of Agriculture as alternatives to §§ 7 and 10 of the proposal of the New England Milk Producers' Association:

1. Revise § 7 to provide for payment by handlers for the value of their milk received from producers according to a pooling plan that provides market-wide equalization among producers of the value by class uses of all handlers' milk.
2. Revise § 10 to provide a rate of payment for expense of administration of 3 cents per hundredweight of milk or less.